

**WISCONSIN DEPARTMENT OF NATURAL RESOURCES SAFE DRINKING WATER LOAN PROGRAM INTENDED USE PLAN  
Covering Funding During State Fiscal Year 2007 & For Receipt of the EPA Federal Fiscal Year 2006 Capitalization Grant**

**I. INTRODUCTION**

The Safe Drinking Water Act (SDWA) Amendments of 1996 (Public Law 104-182) were signed into law on August 6, 1996. Section 1452 of this Act authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to establish the Drinking Water State Revolving Fund (DWSRF) program. The DWSRF was established to assist public water systems with financing the costs of infrastructure needed to achieve and maintain compliance with the requirements of the SDWA and to protect public health.

Section 1452(b) of the SDWA requires that each state prepare an annual Intended Use Plan (IUP) which identifies the uses of the funds in the DWSRF and describes how those funds support the goals of the Act. This document and its attachments comprise the State of Wisconsin Intended Use Plan for Federal Fiscal Year (FFY) 2006 DWSRF Capitalization Grant funds. Assurances and specific proposals for meeting Federal requirements are provided in the Operating Agreement between the State and EPA Region 5. The IUP is part of Wisconsin's capitalization grant application package for FFY 2006 funds.

**II. DESCRIPTION OF THE INTENDED USE PLAN**

This IUP provides a description of the short- and long-term goals of the Safe Drinking Water Loan Program (SDWLP), including how the uses of the various set-aside accounts contribute to reaching those goals. It includes the criteria and methods established for the distribution of funds, details on the activities that are being funded from the set-aside accounts, and the financial status of the fund. Attachments to the IUP include the list of projects that applied for funding for State Fiscal Year (SFY) 2007, and a list of all projects with valid Intent to Apply forms, in priority order. The Intent to Apply list was published previously in *Loan Interests*, #143, and is not included with this newsletter.

**III. DESCRIPTION OF THE SAFE DRINKING WATER LOAN PROGRAM**

The SDWLP operates as a direct loan program, similar to the Federal SRF which comprises a portion of the Clean Water Fund Program. Proceeds from general obligation bonds issued by the State provide the state match (equal to 20% of the capitalization grant). The program is jointly administered by the Department of Natural Resources (DNR) and the Department of Administration (DOA) as a program under the Environmental Improvement Fund (EIF).

Subject to the applicable requirements of ss. 281.59 and 281.61, Wis. Stats., the SDWLP may provide the following types of assistance:

1. Purchase or refinance the debt obligation of a local governmental unit if the debt was incurred to finance the cost of constructing an eligible project located within the State and the debt obligation was incurred after July 1, 1993.
2. Guarantee, or purchase insurance for, municipal obligations for the construction of public water systems, if the guarantee or purchase would improve credit market access or reduce interest rates applicable to the obligation.
3. Make loans below the market interest rate.

The SDWLP offers loans at a subsidized interest rate of 55% of the State's market rate. Loans to disadvantaged communities are at 33% of the State's market rate. The State's market rate is the effective interest rate, as determined by DOA, of a revenue obligation issued by the State to fund loans under the EIF. The current market rate for the EIF is 4.300%. SDWLP loans must mature no more than 20 years from the date of the first loan disbursement to the community. Interest payments are required semi-annually on May 1<sup>st</sup> and November 1<sup>st</sup> while principal payments are required annually on May 1<sup>st</sup>.

A local governmental unit may receive financial assistance for projects with the following purposes:

1. Address SDWA health standards that have been exceeded or to prevent future violations of health standards and regulations contained in ch. NR 809, Wis. Adm. Code. This includes projects to maintain compliance with existing regulations for contaminants with acute health effects and regulations for contaminants with chronic health effects.
2. Replace infrastructure if necessary to maintain compliance or further the public health protection goals of the SDWA. This includes projects with any of the following purposes:
  - a. To rehabilitate or develop sources, excluding reservoirs, dams, dam rehabilitation and water rights, to replace contaminated sources;
  - b. To install or upgrade treatment facilities if, in the department's opinion, the project would improve the quality of drinking water to comply with primary or secondary drinking water standards;
  - c. To install or upgrade storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the public water system;
  - d. To install or replace transmission and distribution pipes to prevent contamination caused by leaks or breaks in the pipe, or improve water pressure to safe levels.
3. Consolidate existing community water systems that have technical, financial or managerial difficulties. Projects for consolidating existing systems shall be limited in scope to the service area of the systems being consolidated.

4. Purchase a portion of another public water system's capacity if it is the most cost effective solution.
5. Restructure a public water system that is in noncompliance with the SDWA requirements or lacks the technical, managerial and financial capability to maintain the system if the assistance will ensure that the system will return to and maintain compliance with the SDWA requirements.
6. Create a new community water system or expand an existing community water system that, upon completion, will address existing public health problems with serious risks caused by unsafe drinking water provided by individual wells or surface water sources. Projects to address existing public health problems associated with individual wells or surface water sources shall be limited in scope to the specific geographic area affected by contamination. These would include projects where the MCL for microbiological, nitrate/nitrite or a chronic contaminant is exceeded by 50% or more of the individual wells or surface water sources within the affected area.

#### IV. SHORT- AND LONG-TERM GOALS

##### A. Short-Term Goals:

- Direct funds to the State's most urgent SDWA compliance and public health needs;
- Develop strategies, programs, and mechanisms to ensure, improve and evaluate the ability of public water systems to provide safe drinking water;
- Develop effective partnerships with other State and Federal financing sources to coordinate funding and promote efficiency for both the agencies and the applicants;
- Initiate efficient delineation and assessment of public water supply source water areas;
- Implement Wisconsin's Source Water Assessment Program Plan.

##### B. Long-Term Goals:

- Assist public water systems in achieving and maintaining compliance with all applicable State and Federal drinking water requirements;
- Protect the public health and environmental quality of the State;
- Manage the revolving loan fund in such a way as to protect its long-term integrity and enable it to revolve in perpetuity;
- Provide economic assistance, in the form of reduced interest rate loans, to public water supply systems for the purposes of installing the necessary infrastructure to provide an adequate quantity of safe drinking water;
- Evaluate the progress of state programs and strategies in improving the ability of public water systems to provide safe drinking water;
- Maintain a program for ensuring that all public water systems are operated properly;
- Use source water area assessments as a basis for protecting public water supplies.

#### V. FINANCIAL STATUS OF DWSRF

Funds available during SFY 2007 and their intended uses include the following:

FFY 2006 Capitalization Grant	\$15,931,300
State Match	\$3,186,260
Other Funds Available in the SRF	<u>\$15,556,797</u>
Total Amount for SFY 2007	\$34,674,357
Set-aside Amounts:	
Administration	\$0
Wellhead Protection	\$100,000
Technical Assistance	\$318,626
Capacity Development	\$0
Operator Certification	\$0
State Program Mgmt.	<u>\$796,565</u>
Total Amount of Set-asides	\$1,215,191
Loan Fund	\$33,459,166

Notice of Intent to Apply (ITA) forms for SFY 2007 funding were due by December 31, 2005. The project priority list for SFY 2007 funding totals \$125,584,286 for 50 projects. Applications for SFY 2007 funds were due by May 1, 2006. The DNR received 16 applications totaling \$22,559,444 in project needs. The project priority list of all projects with a valid ITA form is Attachment A which was published previously in *Loan Interests*, #143. The draft funding list of all applicants that met the application deadline is Attachment B and is included in this newsletter. Any funds not used during SFY 2007 will be added to the SFY 2008 or 2009 funding list.

#### VI. BANKING OF SET-ASIDE FUNDS

Set-aside funds in the amount of \$1,215,191 have been designated to come from the FFY 2006 capitalization grant. An additional \$637,252 for program administration and \$796,565 for state program management are being "banked" for possible designation from a future capitalization grant.

## **VII. TRANSFER OF FUNDS FROM CWSRF TO DWSRF**

The State transferred a total of \$23,596,056 in funds from the Clean Water Fund Program to the SDWLP prior to FFY 2002. Federal regulations allowed a transfer of up to 33% of the Drinking Water Capitalization Grants.

During SFY 2006, in addition to the capitalization grant and state match, the State will be adding \$15,556,797 in other funds that are available in the SRF. Part of this amount is from transferred funds.

## **VIII. METHOD AND CRITERIA FOR DISTRIBUTION OF FUNDS**

The purpose of the priority scoring criteria is to establish a list of eligible projects to be funded in a manner that is in accordance with the Federal requirements of the 1996 SDWA reauthorization. The act requires, to the maximum extent practicable, that priority ranking be given to projects that: 1) address the most serious risk to human health; 2) are necessary to ensure compliance with the requirements of the SDWA (including requirements for filtration); and 3) assist systems most in need on a per household basis according to state affordability criteria.

Wisconsin's priority scoring and ranking criteria gives first priority to acute public health risks, particularly those related to microbiological organisms, and second priority to situations that pose chronic and longer-term health risks to consumers, such as organic chemical contamination. The scoring criteria also considers issues that are related to infrastructure upgrading or replacement, to address those projects (or portions of a project) that are eligible for funding but not included in the first two sections.

Projects are granted additional points if the project is associated with a system considered most in need of financial assistance on a per household basis. A public water system must have a population less than 10,000 and a median household income less than or equal to 80% of the State's median household income to qualify for any points related to financial need.

The DNR maintains a project priority list that ranks the projects for which a priority score has been determined. The projects are ranked in order of descending priority with the highest ranked project first. In case of two or more projects having the same priority score, the project serving the largest population shall have highest priority. An annual funding list is developed consisting of all projects that submit complete applications by the April 30<sup>th</sup> application deadline. Projects are listed on the funding list in priority order. The fundable range is established in priority order, except when ranking projects in priority order does not result in at least 15% of the funds being allocated to small systems serving less than 10,000 people. In this case, systems serving less than 10,000 people are given priority until the 15% funding allocation requirement is met.

Once the fundable range of the funding list is established, loans may be made to any project in that range in any order. Projects on the funding list may be removed from the funding list, upon written notice by the department, if any of the following situations occur:

- a. requirements of s. NR 166.10, Wis. Adm. Code, are not met;
- b. project is canceled or the funding request is withdrawn by the applicant;
- c. the DNR determines that the applicant is unable to proceed with construction of the project in the fiscal year in which funds are requested;
- d. the project failed to meet the engineering review requirements or does not have DNR approval;
- e. the applicant has reached the 25% biennial present value subsidy cap, (in any biennium, no local governmental unit may receive more than 25% of the present value subsidy approved for that biennium);
- f. the DOA is not satisfied that the local governmental unit has the financial capacity, as described in ch. Adm 35, Wis. Adm. Code, to assure sufficient revenues to operate and maintain the project for its useful life and to pay the debt service on the obligations it would issue for the project;
- g. Federal or State refinancing or reimbursement restrictions prevent funding.

## **IX. OUTPUTS AND OUTCOMES**

- Output: The State will fund approximately one project in SFY 2007 to replace an undersized elevated storage tank with a larger tank at a higher elevation in a community with pressure and capacity deficiencies. Pumps and controls will be upgraded also. The total dollar value of this loan will be approximately \$185,000.  
Outcome: The funding of this project will result in better pressure, increased capacity, and safer drinking water for this small community, and a system that meets applicable permits and all SDWA requirements.
- Output: The State will fund approximately one project in SFY 2007 for the remainder of a project to construct and/or rehabilitate a water treatment plant in order to comply with turbidity standards and microorganisms in finished water. The total dollar value of this loan will be approximately \$882,000.  
Outcome: The funding of this project will result in better quality and safer drinking water for over 17,000 people, and a water system that meets applicable permits and all SDWA requirements.
- Output: The State will fund approximately one project in SFY 2007 for additional work to a well constructed in a community with high arsenic levels in their water. The additional work is needed to reduce the amount of sand being pumped by the well. The total dollar value of this loan will be approximately \$67,000.

Outcome: The funding of this project will result in better quality and safer drinking water for this small community, and a water system that meets applicable permits and all SDWA requirements.

- Output: The State will fund approximately one project in SFY 2007 to construct a new well, pumphouse, water treatment facility, and transmission mains in order to address overall system capacity. The total dollar value of this loan will be approximately \$2 million.  
Outcome: The funding of this project will result in better quality and safer drinking water for this small community, and a water system that meets applicable permits and all SDWA requirements.
- Output: The State will fund approximately one project in SFY 2007 for construction of a transmission main as the first piece of a larger project for a major water treatment plant upgrade to address radionuclides. The total dollar value of this loan will be approximately \$5.9 million.  
Outcome: The funding of this project will result in better quality and safer drinking water for over 43,000 people, and a water system that meets applicable permits and all SDWA requirements.
- Output: The State will fund approximately three projects in SFY 2007 for construction of water treatment facilities to eliminate MCL violations for radionuclides. The total dollar value of these loans will be approximately \$3.9 million.  
Outcome: The funding of these projects will result in better quality and safer drinking water for almost 14,000 people, and water systems that meet applicable permits and all SDWA requirements.
- Output: The State will fund approximately one project in SFY 2007 for construction of a new well, pumphouse and distribution main to address capacity issues, eliminate dead-ends, and replace undersized water mains. The total dollar value of this loan will be approximately \$1.5 million.  
Outcome: The funding of this project will result in better pressure, increased capacity, and safer drinking water for this small community, and a water system that meets applicable permits and all SDWA requirements.
- Output: The State will fund approximately one project in SFY 2007 to upgrade their water distribution system along with reconstruction of a State highway. The total dollar value of this loan will be approximately \$475,000.  
Outcome: The funding of this project will result in better quality and safer drinking water for this small community, and a water system that meets applicable permits and all SDWA requirements.
- Output: The State will fund approximately two projects in SFY 2007 for construction of water treatment facilities to eliminate MCL violations for radionuclides as well as reducing iron and manganese to levels below the secondary standards. The total dollar value of these loans will be approximately \$4.3 million.  
Outcome: The funding of these projects will result in better quality and safer drinking water for over 3,500 people, and a water system that meets applicable permits and all SDWA requirements.
- Output: The State will fund approximately one project in SFY 2007 for construction of a new well and water treatment facilities to address system capacity and reliability as well as treating for radionuclides and reducing iron and manganese levels. The total dollar value of this loan will be approximately \$2.8 million.  
Outcome: The funding of this project will result in better quality and safer drinking water for over 3,500 people, and a water system that meets applicable permits and all SDWA requirements.
- Output: The State will fund approximately one project in SFY 2007 to construct a new well, pumphouse, and water treatment facility to eliminate an existing microbiological MCL violation. The total dollar value of this loan will be approximately \$940,000.  
Outcome: The funding of this project will result in better quality and safer drinking water for this small community, and a water system that meets applicable permits and all SDWA requirements.
- Output: The State will fund approximately one project in SFY 2007 for the abandonment of a well contaminated with VOCs and IOC's. The total dollar value of this loan will be approximately \$192,000.  
Outcome: The funding of this project will result in safer drinking water for this community, and a water system that meets applicable permits and all SDWA requirements.
- Output: The State will fund approximately one project in SFY 2007 for transmission main work around the well and existing storage facility in order to address system reliability problems. The total value of this loan will be approximately \$157,000.  
Outcome: The funding of this project will result in a more reliable system for transporting safe drinking water to the residents of this small community and a water system that meets all applicable permit requirements.

## **X. SET-ASIDE ACTIVITIES**

### **1) Source Water Assessment Program (SWAP)**

The State of Wisconsin's FFY 1997 Capitalization Grant funds totaled \$41,546,400. Of this amount, up to 15% was available to be used on SDWA Sec. 1452(k) activities. A maximum of 10% could go to any one activity, such as source water area delineations and assessments. Due to the one-time availability (FFY 1997 only) of funding for source water area delineations and assessments, the State set aside the entire \$4,154,640 (10%). There was no additional state match requirement tied to this money.

In November 1999, EPA approved Wisconsin's SWAP plan, which included a request for an 18-month extension giving a completion deadline of May 6, 2003. Due to unforeseen delays in completing assessments and changes in assessment delivery policy, this deadline was not attainable. The DNR worked with EPA to revise its timeline, giving Wisconsin until December 2004 to complete the SWAP.

A total of \$263,040 of SWAP funds was unspent as of April 25, 2003, the end date for SWAP funding. These funds were transferred to the Wellhead Protection (WHP) set-aside account and used to continue SWAP and WHP efforts. WHP set-aside awards from SFY 2003 through SFY 2006 have also been added to this account and have been used to help complete source water assessments and concurrent WHP work. Now that the SWAP is complete, we request further funds for continuing WHP work. This request is made under the WHP section of this IUP.

## 2) Wellhead Protection

It is projected that there will be approximately \$85,000 available from previously requested funds for WHP work in SFY 2007. An additional \$100,000 is being requested for SFY 2007 to fund the following WHP activities:

- Maintaining a Data Services Professional position to continue to coordinate WHP data activities.
- Continuing groundwater resource characterization by updating and maintaining current hydrogeologic models and supporting water table mapping efforts in areas where most cost-effective.
- Continuing programming efforts to maintain and enhance the automated vulnerability assessment and mapping tools, and groundwater databases for use by DNR staff.
- Working with the Center for Watershed Science and Education and Wisconsin Geological and Natural History Survey to sponsor three additional workshops to provide training to teachers on use of the groundwater sand tank model. The cost for the workshops, two WHP newsletters, and WHP video copying will total \$15,000.
- Continuing the second year of a project to centralize access to groundwater information for use in comprehensive planning. Last year's funding request included both SFY 06 and SFY 07 funding for this two-year project.

The total cost of the above activities is itemized below.

Item	Total
Data Management LTE	\$17,000
Contracts for groundwater resource characterization (including data collection, model maintenance, and water table mapping)	\$73,000
Contracts for WHP/SWP mapping and groundwater data applications	\$50,000
Contract for teacher workshops	\$15,000
Contract for centralizing access to groundwater information for use in comprehensive planning (2nd year of project)	\$30,000
Total Cost	\$185,000
Less Estimated Carry Over from SFY 2006	\$85,000
Total SFY 2007 Request	\$100,000

## 3) Technical Assistance

### A. Background

Up to 2% of the Capitalization grant every year can be used for technical assistance to small communities. From the beginning of the program through SFY 2006 Wisconsin has requested \$2,731,746 in set-aside funds for this purpose. An additional \$318,626 is being requested for SFY 2007.

### B. Current Technical Assistance Contracts

During SFY 2006 two projects were continued using the 2% technical assistance set-aside.

- One-On-One Assistance to Other-Than-Municipal (OTM) Systems and Non-transient Non-community (NTNC) Systems.
- Coalitions of Small Systems.

The One-On-One Assistance contract ended August 31, 2005, and was renewed for another year with the Wisconsin Rural Water Association (WRWA). The renewed contract will run from September 1, 2005 through August 31, 2006. The Coalitions of Small

Systems contract ended February 28, 2006. This contract was also renewed with the WRWA and will run from March 1, 2006 through February 28, 2007.

The One-On-One Assistance and the Coalitions of Small Systems are both on the last of their two 1-year renewals. The plan is to rebid both of these contracts.

#### **One-On-One Assistance to Other-Than-Municipal Systems**

#### **One-On-One Assistance to Non-transient Non-community Systems**

The Wisconsin Rural Water Association is making one-on-one visits with OTM and NTNC water systems to discuss drinking water issues vital to each system. Topics being covered are Training on Access to DNR Website and Navigation, Self Inspection, Operator Handbook Upkeep, Vulnerability Assessment Letters, Plan Review, Certified Operators, Monitoring Assistance, Violation Follow-up, Arsenic, and General Information Updates.

Discussions for SFY 2007 will be aimed at producing the following outputs:

- fewer M/R violations,
- fewer MCL violations,
- fewer PN violations, and
- greater knowledge of regulations.

#### **Coalitions of Small Systems**

A contract was awarded to the Wisconsin Rural Water Association to conduct meetings for the 22 established municipal coalition groups. Each coalition will have at least four meetings during SFY 2007. The intent of the coalition groups is to establish forums where operators may discuss issues in an informal setting, network with other communities and systems in the same area, share ideas and possibly equipment, and receive information on the new EPA regulations and discuss their implications.

The scope of this contract also includes conducting meetings for the 10 established OTM/NTNC coalitions. Each of these coalitions will have at least two meetings during SFY 2007.

It is the intent that people attending the Municipal and OTM/NTNC groups will receive continuing education credits towards their certified operator requirements. For OTMs and NTNCs the content of the courses is to be regulatory in nature, and guidelines have been developed to assist trainers in their course materials.

#### **Revision of TNC and NTNC Operator Handbooks**

Efforts to revise the transient non-community (TNC) and NTNC Operator Handbooks began in SFY 2006 and will be completed in SFY 2007.

### **4) Capacity Development**

Since the beginning of the program, \$400,000 has been requested from past capitalization grants for Capacity Development. At the end of SFY 2005 there was a balance of \$38,286 in unexpended Capacity Development funds. It is requested that this balance of \$38,286 be transferred to the state program management set-aside. The state program management set-aside will be used to cover capacity development set-aside needs incurred after SFY 2005.

### **5) Operator Certification**

Since the beginning of the program, \$500,000 has been requested from past capitalization grants for Operator Certification. At the end of SFY 2005, there was a balance of \$291,506 in unexpended Operator Certification funds. It is requested that this balance of \$291,506 be transferred to the state program management set-aside. The state program management set-aside will be used to cover operator certification set-aside needs incurred after SFY 2005.

### **6) State Program Management**

An additional \$796,565 is being requested from FFY 2006 capitalization grant funds for state program management activities. Another \$796,565 is requested to be banked for use in future years. This set-aside contains a dollar-for-dollar state match requirement. This state match is being met through state overmatch funds from the Public Water System Supervision (PWSS) grant.

As a result of implementation of additional SDWA requirements (such as the Groundwater rule, Enhanced Surface Water Treatment rule, Disinfection/Disinfection Byproducts rule, Capacity Development requirements, Operator Certification requirements, as well as revised standards for arsenic and radionuclides), additional staff is necessary to meet basic program needs for new SDWA initiatives as well as existing program requirement changes (such as sanitary surveys being required every 3 years instead of every

5 years for some system types). Six positions are currently assigned to these tasks. The activities are similar to existing staff positions for Water Supply Specialists and engineers. The state program management set-aside is being utilized to fund these activities.

- Engineering position (1) (Currently staffed): Responsible for performing engineering duties in the water program for municipal, OTM, and NTNC water systems. This includes performing sanitary surveys, annual inspections, operation and maintenance assistance, consultation with systems and engineers on plan review and system design, monitoring water quality, contamination response, witnessing and monitoring of new construction, and enforcement activities. The position corresponds with municipal officials, consulting engineers, waterworks operators, state and local health officials, the media, politicians, and others regarding these systems. The time break down of activities is as follows:

65%	Engineering surveillance of municipal, OTM, and NTNC water systems.
15%	Provision of technical assistance to municipal, OTM, and NTNC water systems.
10%	Enforcement activities for municipal, OTM, and NTNC water systems.
10%	Provision of training and information to public water system owners/operators, DNR staff and other agencies.

- Engineering position (1) (Currently vacant): Responsible for: (1) review of plans and specifications for community water systems for compliance with construction requirements of Chapter NR 811, Wisconsin Administrative Code and for review of sanitary survey inspections conducted at municipal water systems; (2) coordinating implementation activities necessary to insure statewide consistency of the Safe Drinking Water (SDW) program; and (3) acting as the statewide coordinator for enforcement of the SDW program. Activities include: electronically monitor and analyze statewide SDW program reports, develop and implement procedures to measure program implementation consistency statewide, devise procedures and policies to enhance consistency and provide training to field and central office staff, and monitor and coordinate SDW enforcement procedures statewide. The time breakdown of activities is as follows:

40%	Review plans and specifications for improvements to community water systems.
20%	Review sanitary surveys conducted by regional inspectors for consistency and completeness.
20%	Measure consistency of SDW program implementation statewide. Develop policies, procedures, and training to optimize program consistency.
20%	Monitor statewide enforcement of the SDW program. Develop and implement policies and procedures to standardize enforcement procedures, program staff and the regulated community.

- Water supply/program specialist positions (4) (Currently staffed): Responsible for implementing the SDW program for community, OTM, NTNC, and transient non-community (TNC) systems. This includes conducting sanitary surveys, preparing survey reports, enforcement activities, monitoring sample submissions and reports from these systems, operation and maintenance assistance, limited plan review, investigative sampling, providing public education, and training of system operators/samplers. The time break down of activities is as follows:

65%	Surveillance of OTM, NTNC, and TNC water systems.
10%	Enforcement activities for OTM, NTNC, and TNC water systems.
15%	Provision of technical assistance to systems owners/operators.
10%	Provision of training and information to public water system owners/operators, DNR staff and other agencies.

The approximate staff budget for the 6 additional positions is \$530,429 per year. The funds will be utilized following expenditures of the FFY 2005 set-aside funds.

- Review of plans and specifications for water main extensions (1 LTE) (Currently staffed): Due to budget shortfalls, the DNR's student intern program will be eliminated. In order to accommodate the workload, a limited term employee has been hired to replace the intern position. The total cost per year is \$22,566. All the activities of this position are related to the review of plans and specifications for water main extensions.
- Contractual program management activities: In addition to realigning positions, other budgetary shifts will be necessary to continue core program activities. These include funding of additional county inspection contracts for the inspection of non-community water systems and funding the record storage for plan approval decisions, data entry, data system programming, and funding of a limited term employee to complete reviews of non-complex water facilities including water mains. The annual costs for these activities are anticipated to be:

County inspection contracts	\$226,530
Record storage	\$17,000

The total cost for all activities funded under this set-aside will be \$796,565. These funds will be expended following expenditure of the FFY 2005 set-aside.

## **XI. DISADVANTAGED COMMUNITIES**

The SDWLP offers a lower interest rate to local governmental units that meet two eligibility criteria. This rate is 33% of the State's market rate. Local governmental units that do not meet the two criteria receive loans at 55% of the State's market rate. The two eligibility criteria are:

- 1) the local governmental unit's population must be less than 10,000; and
- 2) the local governmental unit's median household income (MHI) must be 80% or less of the State's MHI.

Although Federal regulations allow for up to 30% of the Capitalization Grant to be used for principal subsidies, Wisconsin will not be making subsidies below a further reduced interest rate in order to preserve as much of the loan monies as possible to meet the high demand for assistance. As Wisconsin's disadvantaged communities program is not offering principal subsidies, there is no limit on how many communities may qualify.

## **XII. PUBLIC PARTICIPATION PROCESS**

Public participation in the set-aside activities is as described in Section X above. This IUP is being distributed to the public in the publication *Loan Interests*, no. 144, in May 2006. The IUP is also accessible through the Environmental Loans Section's newsletter web page at [www.dnr.wi.gov/org/caer/cfa/EL/section/newsletters/newsletters.html](http://www.dnr.wi.gov/org/caer/cfa/EL/section/newsletters/newsletters.html). A public hearing covering the SDWLP funding list and funding policies, as well as other items, will be held on June 28, 2006 in the GEF 2 building, 101 South Webster Street, in Madison.